

ORIGINAL

INTERVENTION



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Arizona Corporation Commission

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DOCKETED BY

Attorneys for Pulte Home Corporation

BEFORE THE ARIZONA CORPORATION COMMISSION

In the Matter of the Application of Arizona-
American Water Company for Approvals
Associated with a Transaction with the
Maricopa County Municipal Water
Conservation District Number One

Docket No. W-01303A-05-0718

**APPLICATION OF PULTE
HOME CORPORATION FOR
LEAVE TO INTERVENE**

Pulte Home Corporation, a Michigan corporation, ("Pulte"), through its undersigned counsel, and pursuant to Arizona Administrative Code sections R14-3-101(B) and R14-3-105, hereby applies for an order granting it leave to intervene in the above-captioned proceeding.

In support of its Application, Pulte states as follows:

1. On October 11, 2005, Arizona-American Water Company ("Arizona-American") filed an application ("Initial Application") with the Arizona Corporation Commission ("Commission") in this matter in which it requested the Commission's approval of several actions related to a proposed joint project with Maricopa County Municipal Water Conservation District Number One ("MWD") to build a water treatment facility known as the White Tanks Regional Water Treatment Facility ("White Tanks Plant") in Arizona-American's Agua Fria Water District ("Agua Fria District").

2. The Initial Application indicated that Arizona-American and MWD executed a Memorandum of Understanding ("MOU") under which the White Tanks

1 Plant was to be financed, built and owned by MWD. *See Initial Application at 1.*
2 Arizona-American was to obtain treatment services for its Agua Fria District under a
3 long-term capital lease with MWD, and an Arizona-American affiliate was to operate
4 the White Tanks Plant under an Operation and Maintenance Agreement with MWD. *Id.*

5 3. To reduce the rate impact from the MWD capital lease, Arizona-American
6 proposed to increase Central Arizona Project ("CAP") Hook-Up Fees for new
7 customers while discontinuing Water Facilities Hook-Up Fees ("Hook-Up Fees"). *See*
8 *Report of Arizona-American Water Company: White Tanks Plant – Capital Lease with*
9 *Maricopa Water District at 22, attached to Initial Application.* The net result would
10 have been a total increase in overall hook-up fees of approximately 38%. *Id.* The
11 Commission's Utilities Division Staff ("Staff") later recommended retaining the Hook-
12 Up Fees and increasing those fees by a reduced amount. *See Staff Report filed February*
13 *10, 2006 ("Initial Staff Report") at 10-11.*

14 4. On December 19, 2005, a procedural order was issued setting dates and
15 deadlines for hearings and other matters in these proceedings. It was ordered that
16 applications for leave to intervene be filed on or before January 23, 2006. In addition, a
17 hearing was set for March 7, 2006 and a pre-hearing conference for March 2, 2006.

18 5. An application for leave to intervene was filed by the Residential Utility
19 Consumer Office ("RUCO"). *See RUCO's Application to Intervene filed January 4,*
20 *2006.*

21 6. On March 2, 2006, at the request of Arizona-American, a procedural order
22 was issued continuing the hearing set for March 7, 2006 to allow Arizona-American
23 additional time to finalize its deal with MWD. However, by June 2006, it became
24 apparent that Arizona-American and MWD would not reach an agreement regarding
25 construction of the White Tanks Plant. *See Arizona-American's Notice of Filing May*
26 *Report, filed June 1, 2006.*

1 7. On September 1, 2006, Arizona-American filed a substantially revised
2 application with the Commission requesting approval of certain actions it asserts are
3 needed to allow Arizona-American to proceed with the White Tanks Plant on its own
4 (“Revised Application”). The Revised Application abandons the previous requests for
5 approval asserted under the Initial Application, and proposes an entirely different means
6 of financing the White Tanks Plant. The Revised Application proposes two new options
7 for increasing Hook-Up Fees to finance the White Tanks Plant. Option 1 will increase
8 Hook-Up Fees by approximately 161%. Option 2 will increase Hook-Up Fees by
9 roughly 309%. Such drastic increases in Hook-Up Fees were not previously proposed
10 in these proceedings.

11 8. On October 5, a procedural order was issued ordering Staff to file a new
12 report on the Revised Application on or before October 27, 2006. A hearing has not yet
13 been scheduled for review of the Revised Application.

14 9. Pulte owns several development properties in the Agua Fria District, and
15 currently has roughly 1800 lots under development. Pulte, and homeowners purchasing
16 homes in the Agua Fria District, are directly impacted by the Hook-Up Fees charged by
17 Arizona-American.

18 10. Pulte did not to file an application to intervene by the January 23, 2006
19 deadline. However, Pulte will be directly and substantially affected by the Hook-Up
20 Fee increases requested under the Revised Application. There is good cause to allow
21 Pulte to intervene in these proceedings at this time because the requests in the Revised
22 Application have changed dramatically since January, and Pulte is directly impacted by
23 the changed requests. No other party to this matter represents the same interests as
24 Pulte. Pulte requests the opportunity to provide evidence supporting Arizona-American
25 Water Company’s lower hook-up fees option, subject to Pulte’s review of the Staff
26 Report expected on October 27.

11. Pulte's intervention will not expand the issues presented, nor will Pulte's intervention unduly broaden the proceedings.

12. Communications regarding these proceedings can be sent to Pulte addressed to its attorneys as follows:

Sheryl A. Sweeney
Michele L. Van Quathem
RYLEY CARLOCK & APPLEWHITE, P.A.
One North Central Ave., Suite 1200
Phoenix, AZ 85004

For all these reasons, Pulte hereby respectfully requests it be granted leave to intervene in these proceedings.

DATED this 23rd day of October, 2006.

RYLEY CARLOCK & APPLEWHITE

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I hereby certify that I have this
23rd day of October, 2006,
served the foregoing documents
on all parties of record in this
proceeding by hand delivering an
original and thirteen copies to:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

1 I hereby certify that I have this
2 **23rd day of October, 2006,**
3 served the foregoing documents
4 on all parties of record in this
5 proceeding by mailing a copy,
6 properly addressed with first class
7 postage prepaid to:

8 Craig A. Marks
9 Arizona-American Water Company
10 19280 N. 7th St., Ste. 201
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26 By: Joyce Heavick